STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, TREASURY AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

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Chairman Istook, Congressman Olver, Members of the Subcommittee, I appreciate this opportunity to appear before you today to discuss Amtrak and the future of intercity passenger rail service in America.

I. AMTRAK'S RECURRENT CRISIS

I begin with the obvious: Amtrak is an organization with profound financial difficulties. Its current budget request to Congress acknowledges that "for over 30 years, Amtrak has lurched from one financial crisis to another." Amtrak was created with the illusory expectation that it would soon achieve self-sufficiency. Instead, it became dependent upon ever-increasing and now unsustainably large Federal appropriations. This dependency on Federal funds is pegged by Amtrak to be roughly $2 billion annually for the foreseeable future[1] -- with Amtrak's FY 2004 budget request up over 80 percent from the current fiscal year and over 250 percent above FY 2001.

The Department of Transportation (DOT) expects that each and every one of Amtrak's 17 long distance trains will this year lose money on a fully allocated cost basis, even excluding depreciation and interest. On a fully allocated cost basis including depreciation and interest (a more accurate measure of overall Federal investment), all of Amtrak's 43 regularly scheduled routes lose money. Ten of its 17 long distance train routes have a net loss of more than $40 million per year. On a per passenger basis, the loss for long distance trains ranges from $131 per passenger to $551 per passenger. Counting long distance and corridor trains together, Amtrak has 25 routes that DOT expects will this year require a subsidy of over 25 cents per passenger per mile of travel.

Appendix 1 provides an initial forecast of passenger revenue and expenses for all of Amtrak's routes, reflecting the most recent Amtrak business plan submitted to the Department this week. We will continue to monitor this forecast and will provide updates to the Committee periodically throughout the remainder of the fiscal year.

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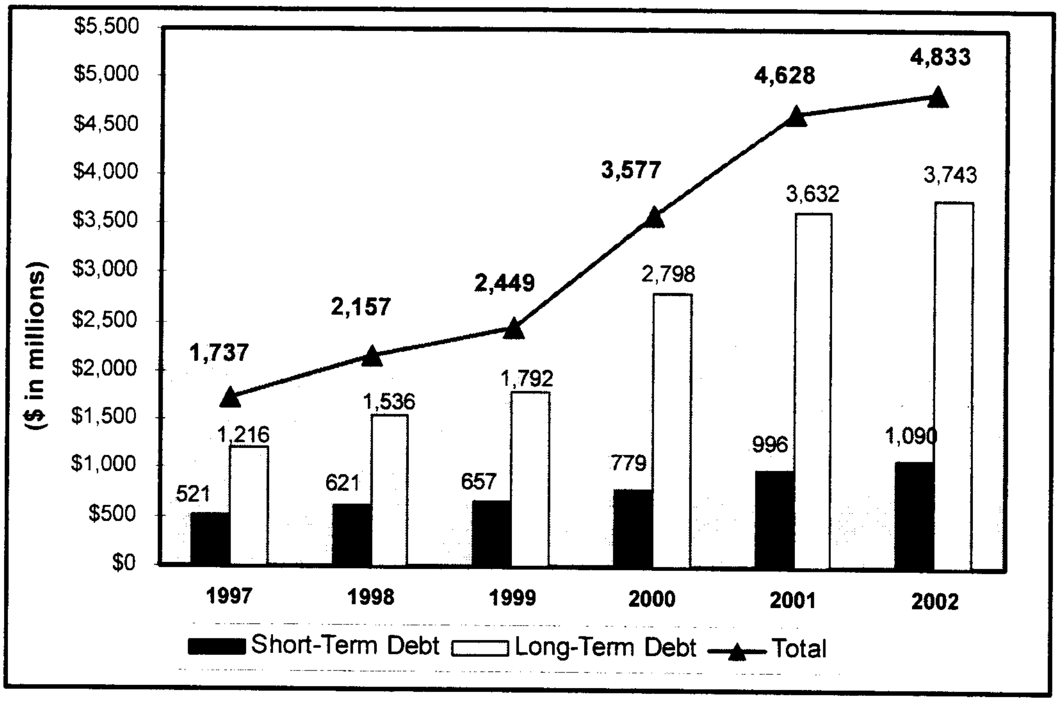
[1] Amtrak has requested $1.812 billion for FY 2004. This does not include funds for repayment to the Department of Transportation of a $100 million loan made to Amtrak last year, which will be due in full in FY 2004. Amtrak's request also asserts that it will ask the Federal government to provide approximately $2 billion for each of the five years beginning with FY 2005.

If anything, these route subsidy figures underplay the true financial difficulty that faces Amtrak. In order simply to meet payroll, Amtrak has for years also deferred long-term investment work, the true cost of which is not fully known. The DOT Inspector General estimates Amtrak's deferred capital investment backlog to be $6 billion, but whatever the number, this is certainly another large potential liability. In addition, and animated perhaps in part by an aversion to declaring its failure to meet the operational self-sufficiency mandate, Amtrak's total debt grew from $1.7 billion in 1997 to $4.8 billion in 2002. Figure 1 illustrates the growth in Amtrak's total debt.

Figure 1
Amtrak Short-Term and Long-Term Debt



Because of this increased debt, naturally Amtrak's annual debt service has grown substantially, adding a significant cost to its business plan. Annual debt service requirements (principle and interest) are forecasted to be $278 million in FY 2004 (up from $111 million in 1997). This means that debt service will consume over 15 percent of Amtrak's requested FY 2004 appropriation of $1.8 billion. In short, Amtrak has leveraged its assets aggressively.

As you know, in each of the last two years, the Department of Transportation was obliged to take extraordinary measures to help Amtrak avert bankruptcy. We reluctantly allowed Amtrak to mortgage Penn Station in New York City in the summer of 2001 and provided Amtrak a $100 million loan under the Railroad Rehabilitation and Improvement Financing (RRIF) program in the summer of 2002. Last year's RRIF loan was further augmented by a $205 million emergency appropriation voted by Congress to prevent a fourth quarter shutdown at Amtrak. That narrowly averted shutdown not only would have stranded Amtrak's customers, but also would have affected hundreds of thousands of commuter rail passengers who rely on Amtrak's commuter support services and infrastructure.

The problems at Amtrak simply will not go away with a more liberal application of dollars drawn from the Federal treasury. The *status quo* cannot stretch to resolve these and other inherent weaknesses with which Amtrak has struggled to live. Structural reform is needed.

Reform of intercity passenger rail must take place in two distinct stages this year. First, Amtrak must improve its financial performance and live within the budget Congress provided. No summer surprise. Second, passenger rail authorization must lay the track needed to establish successful and economically viable passenger rail service in the years ahead. In what follows, I will address both topics.

II. MANAGING AMTRAK'S FINANCIAL PERFORMANCE IN FY 2003

Having briefly outlined Amtrak's considerable financial challenges, I'd like to say a word about the team that is grappling with these matters at Amtrak. Amtrak's president and his management team are hard at work and have achieved meaningful improvements. Since arriving at Amtrak almost a year ago, David Gunn has worked with the Amtrak Board of Directors to reduce operating expenses, de-layer management, improve customer service, address the numerous material weaknesses identified by Amtrak's auditors, instill financial discipline, and provide Congress and the Administration with more accurate and timely financial data.

Having represented Secretary Mineta on the Amtrak Board for the past two years, I have been impressed with David's work and candor, even when we have occasionally and respectfully disagreed. David has a daunting task, but he and his team have made progress worthy of honest praise.

As this Committee well knows, less than two months ago Congress enacted important reforms that will yield greater financial accountability at Amtrak. Past Congresses have by law directed that the Federal Railroad Administration (FRA) provide funds appropriated for the benefit of Amtrak to the corporation ***without*** the oversight and controls that accompany other such grants made by the Department. The Omnibus Appropriations Act for FY 2003 provides for oversight with teeth, placing the relationship between DOT and Amtrak on a footing similar to the oversight DOT exercises with respect to other transportation modes.

The Omnibus Appropriations Act provided a total of $1.043 billion in funds for Amtrak in FY 2003. The law directed the Secretary of Transportation to disburse Amtrak's appropriated funds in quarterly grants. Amtrak is to receive a total of $519 million for operating expenses, $293 million for capital expenses along the Northeast Corridor Mainline, and $231 million for general capital improvements.

For the first time, however, the law gives the Secretary both the responsibility and the authority to review and approve Amtrak's requests for funding. Amtrak must provide a detailed financial analysis and revenue projections for each of its long distance train routes. We have gone further and obtained this data for all routes. Additionally, the law requires Amtrak to provide the Secretary with a detailed business plan for the entire fiscal year, explaining how it will live within its appropriation.

I am pleased to report that yesterday the Department approved Amtrak's business plan for the remainder of FY 2003 and executed the Amtrak grant agreements contemplated by the Omnibus Appropriations Act.

In doing so, DOT unambiguously communicated to Amtrak and its Board the following requirements: this year there will be no Federal loans or loan guarantees, no "creative financing" by Amtrak, no gimmicks, no shutdown drama, no threat against commuter operations, and no kidding -- Amtrak will live within the budget that Congress appropriated. Any financial upside must be allocated to bolster what will be an anemic year-end cash reserve. Any revenue loss or additional expense must be offset within budget by requiring Amtrak's management to make decisions about which expenses to cut or which capital projects to defer.

We have read the law, and listened carefully to those Members who have spoken on the new Amtrak appropriation language, and this is what we understand you want. DOT wants the same. To that end, we will monitor Amtrak's condition monthly, and will be working with Amtrak to help it meet the targets laid out in its business plan. DOT will provide monthly reports to you on Amtrak's progress. We expect to provide Amtrak's fourth quarter grant in early July, but if necessary at that point we can gate disbursements on a monthly basis to ensure fidelity to the bottom line of Amtrak's business plan. Let me be clear about DOT's role under the law. Amtrak itself retains its daily management responsibilities; DOT will provide oversight and enforce accountability.

Of course, no plan is perfect, and we fully expect that Amtrak may need to make minor adjustments along the way. While we think the business plan is flexible enough to withstand normal business-related fluctuations in revenue and expenses, in these times I regrettably must footnote the obvious fact that no realistic business plan could withstand the effects of a catastrophic terrorist event. As I write, the Department is not aware of any such credible and specific threat regarding Amtrak. Barring such an event, we believe it is possible that, with Amtrak's cooperation, we can accomplish the objectives you set out in the law.

The following provides more detail about part of this year's Amtrak grant process.

The Omnibus Appropriations Act for FY 2003. Amtrak's appropriation, $1.043 billion, is divided into the three categories shown in Table 1. Acting through the Federal Railroad Administration (FRA), the Department had already transferred to Amtrak thus far in FY 2003 just over $407 million in funds that were appropriated under a series of FY 2003 continuing resolutions. Amtrak has allocated those funds to operations, capital expenses along the Northeast Corridor Mainline and for general capital expenses. Those funds must be credited against grant amounts specified in the Act to compute the net amounts remaining to be obligated this year. That calculation is shown below.

TABLE 1
AMTRAK'S FY 2003 APPROPRIATION

Purpose	Total FY 03 Appropriation	Funding Provided Through CRs	Net Grant
Operations	$518,607,000	$256,494,000	$262,113,000
NE Corridor Capital	293,082,500	73,285,000	219,797,500
General Capital	231,485,500	77,355,000	154,130,500
Total =	**1,043,175,000**	**407,134,000**	**636,041,000**

As mentioned previously, the Omnibus Appropriations Act for FY 2003 also established a number of specific requirements, in addition to those normally associated with the making of a DOT grant. Following preliminary staff discussions with Amtrak, the Department began to implement the statutory requirements with a letter from FRA Administrator Allan Rutter to Amtrak dated March 10, 2003, specifying how we interpreted the new law and detailing the financial and operating information we would expect to receive from Amtrak. On March 14, 2003, Amtrak submitted its initial Grant Application, which included its proposed business plan.

FRA staff reviewed the specifics of this plan with Amtrak in several meetings, both in Washington and in Philadelphia. After these meetings, Amtrak submitted to FRA a revised grant application and business plan on March 27, which was subsequently modified slightly and approved by Amtrak's Board. This revised business plan has been reviewed by FRA staff as well as staff of the Department's Office of Inspector General, Office of General Counsel, and Office of Budget and Programs.

Having just signed the grants yesterday, DOT will shortly compile and deliver to this Committee a full package containing the approved Amtrak business plan, the approved grant agreements, associated documentation and required certifications by Amtrak and the Secretary of Transportation.

Amtrak's FY 2003 Business Plan. Amtrak's business plan provides Amtrak's estimates of the revenue and expenses related to its operations during FY 2003 and the assumptions on which the estimates are based. The business plan also provides a project-by-project description of Amtrak's planned FY 2003 capital program, with a description of each project's goal, the work to be accomplished with FY 2003 funding, schedules and cost estimates.

Compared to Amtrak's initial FY 2003 budget, the current business plan reflects more conservative assumptions of revenue, lower capital expenditures, and, most importantly, a contingency fund. Under this business plan, Amtrak forecasts cash operating expenses (including interest expense but excluding depreciation and other post-retirement benefits) of $2.875 billion, of which a portion would be funded by the federal grants provided under the Act. The plan also details the application of the funds designated in the Act to be expended on capital projects meeting the Generally Accepted Accounting Principles (GAAP) definition of capital. Finally the plan provides for unforeseen contingencies by identifying projects that could be deferred if necessary to conserve funds.

Long Distance Trains. The Omnibus Appropriations Act for FY 2003 requires that the Secretary shall approve funding to cover operating losses on Amtrak's long distance trains only after receiving and reviewing grant requests for each specific long distance train route, and that each such grant request must be accompanied by a detailed financial analysis and revenue projection justifying Federal support. As mentioned above, we required such data for all routes and the core data are aggregated in Appendix 1.

In approving third quarter funding for the current system of long distance trains, the Department did not endorse, either explicitly or implicitly, the notion that any particular route is necessary or should be preserved for the long term. We believe that subject should be assessed more comprehensively in the coming Amtrak authorization process. For now, I would just point out that the current Amtrak route structure is largely an historical artifact left over from the operating decisions made by individual private railroad lines long before Amtrak existed. We believe that some of those business decisions of well more than 30 years ago may no longer be relevant or sustainable, and that decisions on service levels should be made in the context of a comprehensive strategy for the future of passenger rail service in this country.

Reserve for Commuter and State-Contracted Service. The Omnibus Appropriations Act for FY 2003 requires that the Secretary and the Amtrak Board of Directors shall ensure that sufficient funds are reserved to satisfy Amtrak's contractual obligations for commuter and intercity passenger rail service. We have interpreted that requirement as a direction from Congress that, in the event of budget shortfalls, Amtrak's commuter and state-supported operations take precedence over providing other service. We understand that this provision was included specifically to prevent Amtrak from threatening a shutdown of commuter and state-supported services, as it did last year.

In the short term, we have determined that the best means to assure that Amtrak continues to provide these services is to see that Amtrak has sufficient funds to operate through the end of the fiscal year. To that end, we have requested and received from Amtrak a commitment to achieve monthly cash balance requirements that should assure sufficient liquidity to the end of the fiscal year. If business plan targets are not met, however, Amtrak has formally certified that it is responsible to devise and implement alternate actions that will meet these requirements. There is little margin for error in the months ahead for Amtrak and its cash balance at the beginning of the next fiscal year will be low.

Reporting. The Omnibus Appropriations Act provides that no later than June 1, 2003, and each month thereafter, Amtrak shall submit to the Secretary of Transportation and the House and Senate Committees on Appropriations a supplemental report regarding the business plan, which shall describe the work completed to date, any changes to the business plan, and the reasons for such changes. We have implemented that requirement in the grant agreements by providing that Amtrak will report its actual results in comparison with the revised business plan on a monthly basis to FRA, using standard reporting templates that FRA requires for all other recipients of Federal funds.

The grant agreements also provide that Amtrak will notify FRA as soon as it becomes aware of significant variances from the business plan for long distance trains, other operating expenses, and various capital expenses. Amtrak must obtain FRA's prior written approval to exceed the approved budget for individual projects, and will be required to provide detailed justification for proposed revisions, identify the implications of non-approval on operations, and identify a funding source for the proposed change.

We will continue routinely to provide this Committee with material required under the statute and other such available data or consultation about these issues as the Committee may find helpful. I want to turn now to our vision of the future of intercity passenger rail.

III. AUTHORIZATION OF INTERCITY PASSENGER RAIL

The Bush Administration has declared its principles for a fundamental restructuring of the manner in which Federal assistance is provided for intercity passenger rail service. In anticipation of Congressional action on authorization, the Administration has proposed funding for Amtrak for FY 2004 at a level of $900 million.

In stark contrast with what we have done in all other transportation programs, with Amtrak, the government created a monopoly provider of intercity passenger rail service, declared that it would be a "for-profit" company, and then prescribed a system of routes for it to run. When it failed to earn a profit, we began providing annual subsidies. But until this year, those subsidies came in the form of unconditional grants with no semblance of the close fiscal oversight that characterizes our other Federal transportation grant programs.

What's surprising is not that Amtrak has been a financial failure; it's that anyone ever thought a structure like this could possibly succeed in the first place.

Secretary Mineta last year spelled out five principles that he argues need to be part of any successful reform of intercity passenger rail service. He said we must:

- Create a system driven by sound economics.
- Require that Amtrak transition to a pure operating company.
- Introduce carefully managed competition to provide higher quality rail services at reasonable prices.
- Establish a long-term partnership between the states and the Federal government to support intercity passenger rail service.
- Create an effective public partnership, after a reasonable transition, to manage the capital assets of the Northeast Corridor.

Today I repeat what I said upon the initial release of the Administration's FY 2004 recommendation for Amtrak. This is a funding level with a message: Amtrak must undergo significant reform.

Passenger rail is an important component of our nation's transportation infrastructure. We stand ready to work with Congress and the states in the upcoming authorization to create an intercity passenger rail system that is driven by sound economics, fosters competition, and establishes a long-term partnership between states and the Federal government to sustain an economically viable system.

Amtrak advocates consistently point out two reasons why Congress and the Administration should support Federal funding for Amtrak at higher levels. First, passenger rail systems in other parts of the world mostly garner ongoing governmental subsidies. This is really not a business argument, and it ignores the real issue: are subsidies really necessary, and if so, at what level? I'd note today only that in making international comparisons we must recognize that the vast size of our nation and its population distribution make for a passenger rail market unlike virtually all other nations. To be sure, passenger rail is important and it is expensive, but those observations do not alone justify investment at any cost.

Second, because other surface and aviation transportation modes benefit from Federal investments, some Amtrak advocates argue that passenger rail should likewise be accommodated to the extent of its reasonable needs. This argument passes quickly over an important fact: highways, transit and aviation are, unlike rail, funded by true user fees and also by state investments. Even the most ardent rail supporters evince little interest in a new Federal passenger rail ticket tax.

Today there are at least two competing approaches to dealing with the Amtrak problem. On the one hand, serious colleagues, David Gunn may be among them, believe that the best way to save intercity rail is to drop back, and spend the next four years restoring and stabilizing Amtrak in the hope that it can somehow gather enough political support for the substantially larger investment needed to survive essentially intact. On the other hand, the Bush Administration, the Amtrak Reform Council and numerous others have concluded that structural reforms are needed and needed now.

Members of Congress committed to passenger rail need not mistake or fear this latter conviction. It is not advocated by this Administration as a Trojan horse aimed at abolishing passenger rail. Instead, it is animated by a fair desire to make some form of passenger rail service viable for the long term.

Some disparage the call for root and branch reform in part because it is difficult. That is a defeatist and unnecessarily defensive posture. True reform is not a quick fix; it is not perhaps an easy fix. But it is the only worthy solution for such a persistent and important public policy dilemma.

Just a few observations in advance of the Administration's formal legislative proposals. Precisely because true reform cannot be a quick fix, the Administration supports an authorization period of six years rather than four. Rather than setting "glidepath goals" and hope for the best, the Administration will support specific performance targets that can be met on an annual basis.

The Federal government must work with our state colleagues to configure and then transition to a system, not unlike that governing Federal transit programs, whereby the Federal government provides specific capital investment in passenger rail infrastructure, while states assume any needed operational subsidy obligations. Again, we recognize that this cannot happen overnight.

Although some states have made significant investment in passenger rail, today most states feel little incentive to include rail in their transportation investment priorities.

In this regard, the future of the Northeast Corridor must be preserved and nurtured by a governance structure that can reasonably be sustained for the long haul. The needs of commuter rail are an indispensable part of finding an appropriate partnership between the states and the Federal government. At the same time, appropriately providing for passenger rail corridors outside the Northeast must also be part of the intercity passenger rail debate. We will make specific organizational suggestions that show how to restructure Amtrak over a period of years.

This year's Omnibus Appropriations Act makes valuable structural contributions to increasing financial accountability that should be preserved. In my view, other governance reforms are appropriate. For example, increasing the size of Amtrak's Board somewhat would improve corporate governance and expand the size and of the Board committees needed to provide appropriate management oversight. There are many other issues that will appropriately be the focus of the authorization debate.

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In sum, there is much to do to create an economically viable intercity passenger rail system. This year, the Department of Transportation is focused on working to mange its new oversight responsibilities for Amtrak. Secretary Mineta and his team also look forward to working with Congress to assess and implement long-term solutions to the recurrent crises that plagues intercity passenger rail.

I would be pleased to respond to any questions you may have.

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Appendix 1
FY 2003 Amtrak Revenue, Expense and Contribution/(Loss) Allocations

Appendix 1

Amtrak Long-Distance Trains
FY03 Projected Revenue (1)

	Route Name	Passenger-Related Revenue	Mail & Express Revenue	Other Revenue	State Support Revenue	Total Revenue
1	Silver Star	$ 24,266,292	$ 3,559,032	$ 33,061	$ 2,178	$ 27,860,563
2	Three Rivers	9,767,017	9,431,395	20,968	1,384	19,220,764
3	Cardinal	3,631,780	14,821	8,316	584	3,655,500
4	Silver Meteor	28,508,783	1,701,073	30,146	2,112	30,242,114
5	Empire Builder	39,835,736	6,511,175	54,344	-	46,401,255
6	Capitol Limited	12,022,819	5,664,242	16,333	1,160	17,704,554
7	California Zephyr	36,176,278	5,279,117	58,242	-	41,513,636
8	Southwest Chief	36,291,627	18,658,660	52,539	-	55,002,826
9	City of New Orleans	11,679,953	774,775	20,930	-	12,475,658
10	Texas Eagle	14,528,257	2,553,689	23,157	-	17,105,103
11	Sunset Limited	14,586,421	1,249,787	25,476	-	15,861,683
12	Coast Starlight	34,858,519	81,592	32,330	-	34,972,441
13	Lake Shore Limited	24,144,340	3,108,486	29,439	1,758	27,284,023
14	Palmetto	15,351,345	5,617,028	31,753	2,206	21,002,333
15	Crescent	24,729,643	2,967,712	36,269	-	27,733,624
16	Pennsylvanian	2,929,108	4,441,297	739	-	7,371,144
17	Auto Train	47,200,603	-	-	-	47,200,603
Total Long-Distance Trains		**$ 380,508,521**	**$ 71,613,879**	**$ 474,043**	**$ 11,382**	**$ 452,607,825**

Amtrak Corridor Trains
FY03 Projected Revenue (1)

	Route Name	Passenger-Related Revenue	Mail & Express Revenue	Other Revenue	State Support Revenue	Total Revenue
18	Acela Express / Metroliner	$ 357,288,130	$ 42	$ 1,009	$ -	$ 357,289,181
19	Ethan Allen Express	1,672,681	6,686	4,462	659,863	2,343,693
20	Acela Regional/NED/Vermonter	335,191,135	3,789,449	28,891	956,885	339,966,360
21	Twilight Shoreliner	13,404,710	701,576	20,413	-	14,126,699
22	Maple Leaf	9,680,490	35	21	-	9,680,547
23	The Downeaster	4,608,938	497	426	941,713	5,551,574
24	Clocker Service	19,067,618	-	-	-	19,067,618
25	Keystone Service	21,800,183	544	-	4,778,305	26,579,032
26	Empire Service	39,072,447	13,076	8,641	-	39,094,165
27	State House	5,718,484	302,216	2,240	4,084,840	10,107,781
28	Hiawathas	6,551,437	47,348	1,517	5,507,615	12,107,917
29	Wolverine	9,813,014	11,017	5,739	-	9,829,771
30	Illini	2,904,430	-	-	2,759,835	5,664,265
31	Illinois Zephyr	2,352,440	-	-	2,979,389	5,331,829
32	Heartland Flyer	883,432	-	-	5,262,400	6,145,832
33	Pacific Surfliner	30,310,830	9,620	6,265	21,561,447	51,888,161
34	Cascades	13,730,382	45,263	29,145	17,728,882	31,533,672
35	Capitols	11,571,382	640	-	22,051,327	33,623,349
36	San Joaquins	18,196,687	6,616	1,582	29,053,490	47,258,375
37	Adirondack	4,377,233	11,256	7,386	879,152	5,275,027
38	International	2,693,290	-	-	3,964,937	6,658,227
39	Kentucky Cardinal	389,898	465,900	-	-	855,798
40	Mules	3,111,265	3,720	-	6,478,653	9,593,638
41	Pere Marquette	1,650,536	-	-	2,410,270	4,060,806
42	Carolinian	11,432,706	938,011	16,661	3,000,043	15,387,421
43	Piedmont	563,259	4,525	3,412	2,746,670	3,317,867
Total Corridor Trains		**$ 928,037,039**	**$ 6,358,042**	**$ 137,810**	**$ 137,805,716**	**$ 1,072,338,608**

Appendix 1 *(continued)*

Amtrak Long-Distance Trains
FY03 Projected Expenses

	Route Name	Avoidable Expense (2)	Remaining Expense (3)	Interest Expense (4)	Depreciation Expense (5)	Total Expenses
1	Silver Star	$ 28,274,298	$ 29,691,828	$ 3,418,721	$ 16,895,725	$ 78,280,573
2	Three Rivers	19,925,787	33,179,438	3,281,934	11,316,106	67,703,264
3	Cardinal	9,355,148	7,090,427	1,013,738	2,879,887	20,339,200
4	Silver Meteor	24,230,415	26,582,184	2,983,521	15,855,042	69,651,161
5	Empire Builder	53,877,541	37,925,901	8,129,709	13,872,394	113,805,545
6	Capitol Limited	19,816,711	21,384,923	3,628,433	5,486,973	50,317,040
7	California Zephyr	54,016,152	40,420,260	8,223,544	14,760,451	117,420,408
8	Southwest Chief	63,208,506	60,130,842	11,395,569	18,695,880	153,430,798
9	City of New Orleans	16,956,937	13,186,930	2,437,753	4,726,803	37,308,424
10	Texas Eagle	27,975,425	18,082,706	3,450,721	6,135,790	55,644,642
11	Sunset Limited	29,200,740	21,111,577	7,665,440	10,745,327	68,723,084
12	Coast Starlight	41,750,008	30,782,142	9,481,122	12,050,870	94,064,142
13	Lake Shore Limited	30,256,115	37,630,418	4,267,291	12,099,953	84,253,777
14	Palmetto	23,012,590	27,689,275	2,792,916	12,338,574	65,833,355
15	Crescent	30,354,205	30,211,508	3,558,028	15,934,518	80,058,259
16	Pennsylvanian	11,962,541	20,326,783	2,438,327	6,825,699	41,553,350
17	Auto Train	36,402,693	23,178,046	9,759,964	10,977,404	80,318,107
Total Long-Distance Trains		**$ 520,575,814**	**$ 478,605,187**	**$ 87,926,732**	**$ 191,597,397**	**$ 1,278,705,130**

Appendix 1 *(continued)*

Amtrak Corridor Trains
FY03 Projected Expenses

	Route Name	Avoidable Expense (2)	Remaining Expense (3)	Interest Expense (4)	Depreciation Expense (5)	Total Expenses
18	Acela Express / Metroliner	$ 139,749,617	$ 147,810,290	$ 30,551,801	$ 114,363,767	$ 432,475,475
19	Ethan Allen Express	2,363,375	2,718,515	231,092	607,239	5,920,221
20	Acela Regional/NED/Vermonter	189,460,775	200,517,365	12,247,142	154,264,966	556,490,248
21	Twilight Shoreliner	14,164,284	15,162,404	1,446,732	10,493,008	41,266,428
22	Maple Leaf	6,754,663	7,510,604	610,923	3,306,395	18,182,585
23	The Downeaster	5,059,280	5,612,324	307,415	2,556,302	13,535,321
24	Clocker Service	12,367,011	12,969,282	630,864	10,793,872	36,761,029
25	Keystone Service	21,732,220	22,711,557	2,294,919	19,446,901	66,185,597
26	Empire Service	34,932,568	39,414,662	3,620,885	13,627,135	91,595,249
27	State House	10,801,193	12,324,651	1,626,460	3,379,256	28,131,559
28	Hiawathas	10,715,286	12,356,604	1,303,090	2,564,265	26,939,246
29	Wolverine	12,830,638	14,608,591	2,199,154	4,206,701	33,845,084
30	Illini	3,457,970	3,893,113	639,596	1,400,728	9,391,407
31	Illinois Zephyr	3,535,533	4,000,408	668,691	1,311,046	9,515,678
32	Heartland Flyer	2,264,181	2,495,373	298,299	1,242,929	6,300,783
33	Pacific Surfliner	33,038,035	37,237,903	8,659,592	13,125,435	92,060,965
34	Cascades	19,358,847	22,556,184	1,093,586	3,225,803	46,234,420
35	Capitols	18,259,691	21,640,291	386,018	830,671	41,116,671
36	San Joaquins	26,679,236	31,605,319	607,287	1,294,425	60,186,267
37	Adirondack	4,013,402	4,548,211	209,883	1,445,193	10,216,689
38	International	4,127,559	4,604,900	808,015	1,927,000	11,467,474
39	Kentucky Cardinal	3,971,926	4,341,010	1,106,702	2,401,614	11,821,251
40	Mules	4,962,306	5,625,934	850,413	1,772,506	13,211,159
41	Pere Marquette	2,551,080	2,891,763	479,731	914,153	6,836,727
42	Carolinian	8,885,256	9,812,051	817,315	4,759,133	24,273,755
43	Piedmont	1,740,022	2,065,797	30,920	57,160	3,893,899
Total Corridor Trains		**$ 597,775,955**	**$ 651,035,104**	**$ 73,726,525**	**$ 375,317,603**	**$ 1,697,855,187**

Appendix ı (continued)

Amtrak Long-Distance Trains
FY03 Projected Contribution/(Loss)

	Route Name	Fully Allocated Contribution/(Loss) Excluding Depreciation and Interest (6) Net Loss	Per Passenger	Per Passenger-Mile	Fully Allocated Contribution/(Loss) (7) Net Loss	Per Passenger	Per Passenger-Mile
1	Silver Star	$ (30,105,564)	$ (119)	$ (0.170)	$ (50,420,011)	$ (200)	$ (0.285)
2	Three Rivers	(33,884,461)	(259)	(0.474)	(48,482,501)	(371)	(0.678)
3	Cardinal	(12,790,075)	(173)	(0.451)	(16,683,700)	(226)	(0.589)
4	Silver Meteor	(20,570,485)	(82)	(0.112)	(39,409,048)	(157)	(0.214)
5	Empire Builder	(45,402,187)	(128)	(0.152)	(67,404,290)	(190)	(0.226)
6	Capitol Limited	(23,497,080)	(143)	(0.262)	(32,612,486)	(198)	(0.363)
7	California Zephyr	(52,922,776)	(164)	(0.185)	(75,906,772)	(235)	(0.266)
8	Southwest Chief	(68,336,522)	(261)	(0.219)	(98,427,972)	(375)	(0.316)
9	City of New Orleans	(17,668,210)	(110)	(0.259)	(24,832,766)	(154)	(0.364)
10	Texas Eagle	(28,953,027)	(209)	(0.222)	(38,539,539)	(278)	(0.296)
11	Sunset Limited	(34,450,634)	(348)	(0.292)	(52,861,401)	(533)	(0.447)
12	Coast Starlight	(37,559,708)	(83)	(0.152)	(59,091,701)	(131)	(0.239)
13	Lake Shore Limited	(40,602,510)	(134)	(0.217)	(56,969,753)	(187)	(0.304)
14	Palmetto	(29,699,532)	(149)	(0.239)	(44,831,023)	(226)	(0.361)
15	Crescent	(32,832,089)	(134)	(0.224)	(52,324,635)	(213)	(0.358)
16	Pennsylvanian	(24,918,180)	(401)	(1.379)	(34,182,206)	(551)	(1.892)
17	Auto Train	(12,380,136)	(65)	(0.076)	(33,117,503)	(174)	(0.202)
Total Long-Distance Trains		**$ (546,573,177)**	**$ (149)**	**$ (0.206)**	**$ (826,097,305)**	**$ (225)**	**$ (0.312)**

Appendix 1 *(continued)*

	Route Name	Fully Allocated Contribution/(Loss) Excluding Depreciation and Interest (6) Net Loss	Per Passenger	Per Passenger-Mile	Fully Allocated Contribution/(Loss) (7) Net Loss	Per Passenger	Per Passenger-Mile
18	Acela Express / Metroliner	$ 69,729,275	$ 23	$ 0.130	$ (75,186,294)	$ (25)	$ (0.141)
19	Ethan Allen Express	(2,738,198)	(76)	(0.404)	(3,576,529)	(99)	(0.527)
20	Acela Regional/NED/Vermonter	(50,011,779)	(8)	(0.050)	(216,523,888)	(36)	(0.218)
21	Twilight Shoreliner	(15,199,989)	(73)	(0.286)	(27,139,729)	(130)	(0.511)
22	Maple Leaf	(4,584,720)	(24)	(0.081)	(8,502,038)	(45)	(0.150)
23	The Downeaster	(5,120,030)	(18)	(0.191)	(7,983,746)	(28)	(0.298)
24	Clocker Service	(6,268,675)	(3)	(0.068)	(17,693,410)	(9)	(0.192)
25	Keystone Service	(17,864,745)	(20)	(0.235)	(39,606,565)	(44)	(0.521)
26	Empire Service	(35,253,064)	(35)	(0.232)	(52,501,085)	(52)	(0.345)
27	State House	(13,018,062)	(59)	(0.313)	(18,023,778)	(82)	(0.433)
28	Hiawathas	(10,963,973)	(29)	(0.348)	(14,831,328)	(39)	(0.471)
29	Wolverine	(17,609,459)	(62)	(0.286)	(24,015,314)	(84)	(0.390)
30	Illini	(1,686,817)	(19)	(0.092)	(3,727,142)	(41)	(0.203)
31	Illinois Zephyr	(2,204,111)	(24)	(0.138)	(4,183,848)	(46)	(0.262)
32	Heartland Flyer	1,386,278	28	0.185	(154,951)	(3)	(0.021)
33	Pacific Surfliner	(18,387,776)	(10)	(0.110)	(40,172,803)	(22)	(0.240)
34	Cascades	(10,381,359)	(17)	(0.119)	(14,700,748)	(25)	(0.168)
35	Capitols	(6,276,633)	(6)	(0.084)	(7,493,323)	(7)	(0.100)
36	San Joaquins	(11,026,180)	(15)	(0.096)	(12,927,893)	(18)	(0.112)
37	Adirondack	(3,286,587)	(35)	(0.116)	(4,941,662)	(53)	(0.175)
38	International	(2,074,232)	(24)	(0.111)	(4,809,247)	(56)	(0.257)
39	Kentucky Cardinal	(7,457,137)	(323)	(1.474)	(10,965,453)	(475)	(2.167)
40	Mules	(994,601)	(7)	(0.039)	(3,617,521)	(27)	(0.141)
41	Pere Marquette	(1,382,037)	(22)	(0.144)	(2,775,920)	(44)	(0.289)
42	Carolinian	(3,309,886)	(16)	(0.049)	(8,886,334)	(42)	(0.131)
43	Piedmont	(487,952)	(12)	(0.096)	(576,031)	(14)	(0.113)
Total Corridor Trains		**$ (176,472,451)**	**$ (9)**	**$ (0.064)**	**$ (625,516,580)**	**$ (32)**	**$ (0.225)**

Table title: **Amtrak Corridor Trains — FY03 Projected Contribution/(Loss)**

Appendix 1 *(continued)*

Footnotes

(1) Source: Amtrak

(2) Includes a route's allocated expenses (as determined by Amtrak's Route Profitability System) falling into those cost categories that have been determined to be at least 50% variable at the individual route level (e.g. Fuel, Train Crew Labor, Equipment maintenance).

(3) Includes all expenses allocated to the route, except depreciation and interest expense, that are not determined to be avoidable.

(4) Non-capitalizable interest expense allocated to route.

(5) Depreciation expense (matching past capital expenditures to the current accounting period) allocated to route.

(6) = Total Revenue - (Avoidable Expenses + Remaining Expenses)

(7) = Total Revenue - (Avoidable Expenses + Remaining Expenses + Non-Capitalized Interest Expense + Depreciation Expense)